



# PREPROPOSAL STATEMENT OF INQUIRY

(RCW 34.05.310)

**CR-101 (7/22/01)**

Do **NOT** use for expedited rule making

**Agency:** Employment Security Department

**Subject of possible rule making:** Adopt rules to implement the changes contained in Chapter 4, Laws of 2003, 2<sup>nd</sup> Special Session (2ESB 6097) to the unemployment compensation system. Interpretive rules will clarify requirements related to effective dates, voluntary contributions, benefit charging, employer penalties, and establishing reasonable audit expenses. Rules will be adopted to define terms. Existing rules related to successor employers, penalties, and benefit charging will be amended.

**(a) Statutes authorizing the agency to adopt rules on this subject:** RCW 50.12.010, RCW 50.12.040, and Chapter 4, Laws of 2003, 2<sup>nd</sup> Special Session, §34.

**(b) Reasons why rules on this subject may be needed and what they might accomplish:** The legislation revises the unemployment compensation system through creation of forty rate classes for determining employer contribution rates. It also amends statutes related to benefit charging, the social cost factor rate, predecessor-successor employers, and employer penalties. Substantive and interpretive rules are needed to clarify tax rates, effective dates of various provisions, establish a table of employer penalties and audit expenses, and define terms. Existing rules must be amended to reflect the new statutes. The rules will clarify for employers how the department will implement those sections of the legislation that pertain to rate calculations, voluntary contributions, benefit charging, and penalties for employers who fail to comply with statute.

**(c) Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** The U.S. Department of Labor reviews the state's administration of the unemployment insurance program to ensure conformity to federal statutes and regulations. The state has broad flexibility in the implementation of unemployment insurance laws as long as conformity is maintained. The proposed regulations will be shared with USDOL prior to adoption.

**(d) Process for developing new rule (check all that apply):**

Negotiated rule making

Pilot rule making

Agency study

Other (describe) The department intends to hold informal meetings with stakeholders and interested parties to obtain input on the proposed rules.

**(e) How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:**

(List names, addresses, telephone, fax numbers of persons to contact; describe meetings, other exchanges of information, etc.)

**Persons interested in attending meetings to discuss the proposed rules should contact:**

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**NAME (TYPE OR PRINT)**

Dr. Sylvia P. Mundy

**SIGNATURE**

**TITLE**

Commissioner

**DATE**